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Amicus: U.S. Supreme Court Should Preserve Consumer Protection Watchdog

Attorney General Brown and Coalition of 24 Attorneys General Stress that the CFPB Provides Essential Protections for Millions of Americans

BALTIMORE, MD (May 16, 2023) – In an [amicus brief](#) submitted today to the U.S. Supreme Court, Maryland Attorney General Anthony G. Brown joined a multistate coalition of 24 Attorneys General urging the Court to overturn a decision of the U.S. Court of Appeals for the Fifth Circuit that threatens the future operation of the Consumer Financial Protection Bureau (CFPB) and the viability of more than ten years of the agency’s regulatory and enforcement actions.

The CFPB was established to create nationwide consumer protection standards and to work with, and supplement, individual state agencies. In *Consumer Financial Protection Bureau v. Community Financial Services Association of America, Ltd.*, the Fifth Circuit concluded that the agency’s operations violate the U.S. Constitution’s Appropriations Clause because it does not receive an annual appropriation from Congress and is instead funded through the Federal Reserve. The Court ordered that a payday lending regulation created by the agency be vacated. The coalition urges the Supreme Court to reverse the Fifth Circuit’s decision because it will jeopardize the beneficial consumer protection and regulatory actions taken by the CFPB.

“Federal oversight of consumer protections in financial transactions is critical to protecting individual consumers and ensuring the integrity of those financial transactions,” said Attorney General Brown. “Among many other important services, the CFPB plays a key role in enforcing laws that protect consumers from illegal discrimination. Stripping its funding jeopardizes the financial wellbeing of consumers in Maryland and across the country by eliminating oversight and prevention of these discriminatory practices.”

In the aftermath of the 2008 financial crisis, Congress established the CFPB to play a critical role in the stability of key sectors of the financial market and protect consumers against unfair and abusive business practices. Since its establishment, the CFPB has created and enforced nationwide consumer financial standards in areas ranging from mortgage lending requirements to debt-collection practices. Additionally, many CFPB regulations target financial sectors where individual states may face challenges in regulating fraudulent and abusive practices.

The coalition notes that if the appellate court decision takes effect, it could drastically restrict consumer protection efforts in their respective states, harming millions of Americans. The Fifth Circuit had

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invalidated a prior regulation issued by the CFPB, after concluding that the CFPB's funding was unconstitutional. The coalition cautions that this approach, if adopted by the Supreme Court, could result in the invalidation of numerous CFPB rules and other regulatory actions. That result would harm millions of consumers around the country, while destabilizing the consumer financial sector.

Joining Attorney General Brown in filing today's brief are the Attorneys General of Arizona, California, Colorado, Connecticut, Delaware the District of Columbia, Hawaii, Illinois, Maine, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and Wisconsin.

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